

Message Text

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ACTION EB-08

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USMISSION GENEVA

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GENEVA ALSO FOR USMTN; PARIS ALSO FOR OECD; ALSO FOR USEC

E.O. 11652: N/A
TAGS: ETRD, EC, MTN, BE
SUBJECT: MTN: DISCUSSION WITH BELGIAN OFFICIALS

REF: MC DONALD MARCH 29 LETTER TO KAUFMAN

1. ON APRIL 18, ECONOMIC COUNSELOR AND ECONOMIC OFFICER
DISCUSSED MTN PROGRESS WITH BELGIAN FOREIGN MINISTRY
OFFICIALS JAN HOLLANTS (DEPUTY DIRGEN FOR ECONOMIC AFFAIRS)
AND PIETER DE VLEESHAUWER (MTN DESK). WE DELIVERED A COPY
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OF USMTN TABULATIONS ON GREATER-THAN-FORMULA U.S. INDUS-
TRIAL TARIFF OFFERS (ATTACHED TO REF LETTER) UNDERLINING
THE U.S. HOPE THAT BELGIUM WOULD SERIOUSLY CONSIDER THE
OFFERS' VALUE AND COMMERCIAL SIGNIFICANCE, TO THE EC IN
GENERAL AND TO BELGIUM IN PARTICULAR. HOLLANTS AND DE
VEESHAUWER SHOWED CONSIDERABLE INTEREST IN THE FIGURES
(REMARKING IN PASSING THAT THEY WOULD CERTAINLY PLEASE THE

ANTWERP DIAMOND LOBBY) AND PROMISED TO SUBMIT THEM IMMEDIATELY TO THE MINISTRY OF ECONOMIC AFFAIRS FOR ANALYSIS.

2. A GENERAL DISCUSSION OF THE MTN FOLLOWED, IN WHICH THE BELGIANS LARGELY REHEARSED EC POSITIONS ALONG FAMILIAR LINES.

SOME POINTS DISCUSSED WERE:

A. TARIFFS. HOLLANTS STRESSED BELGIUM'S DESIRE--AS A PRODUCER OF SEMI-PROCESSED PRODUCTS FROM IMPORTED RAW MATERIALS--TO PRESERVE A MINIMUM TARIFF THRESHOLD TO PROTECT LARGE PARTS OF ITS INDUSTRY, PARTICULARLY IN NON-FERROUS METALS. THE EC THRESHOLD OF 2.5 PERCENT IS REALLY LESS THAN WHAT BELGIUM WANTED (THE GIANT BELGIAN HOLDING SOCIETE GENERALE HAD LOBBIED, HE SAID, FOR 3-3 1/2 PERCENT.)

B. SAFEGUARDS. BOTH OFFICIALS AGREED THAT BELGIAN INDUSTRY INTEREST IN THE MTN REMAINS HEAVILY FOCUSED ON SAFEGUARDS, THE CONCERN COMING FROM COMPANIES IN MANY SECTORS, I.E. NOT JUST THOSE IN SERIOUS DIFFICULTY SUCH AS TEXTILES. DE VLEESHAUWER COMMENTED THAT THERE IS NOW A FAIR MEASURE OF GENEVA AGREEMENT ON SAFEGUARDS IN PRINCIPLE, BUT VERY LITTLE ON MODALITIES OF A NEW SYSTEM. LIMITED OFFICIAL USE

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C. SUBSIDIES/COUNTERVAILING DUTIES. EMBASSY OFFICERS STRESSED THE IMPORTANCE WITH WHICH IMPROVED SUBSIDY DISCIPLINE IS VIEWED IN THE CONGRESS. THE BELGIANS ALLUDED TO EC INTEREST IN INTRODUCING MATERIAL INJURY CRITERIA INTO U.S. COUNTERVAILING ACTIONS--EVEN TO THE POINT OF DISTINGUISHING BETWEEN FOREIGN SUBSIDIES WHICH IMPACT DIRECTLY UPON EXPORTS AND THOSE WHICH ARE GIVEN FOR SOCIAL REASONS (WE QUESTIONED THAT THERE COULD BE SUCH A DISTINCTION);

D. GOVERNMENT PROCUREMENT. ACCORDING TO DE VLEESHAUWER, BELGIUM SEES THE CENTRAL QUESTION AS ONE OF COVERAGE--WILL STATE OR LOCAL ENTITIES BE BOUND BY THE SAME RULES AS NATIONAL AUTHORITIES? THE CODE IS OF MARGINAL INTEREST TO BELGIUM IN ANY CASE, SINCE FOREIGN SUPPLIERS (MAINLY EC) ALREADY ACCOUNT FOR A LARGE SHARE OF OFFICIAL PURCHASES.

E. NON-TARIFF MEASURES. DE VLEESHAUWER REPEATED THE BELGIAN CONTENTION (GENEVA 5474) TO THE EFFECT THAT ROAD TAXES AND MAXIMUM PHARMACEUTICAL PRICES NO LONGER

REPRESENT SERIOUS IMPEDIMENTS TO TRADE. HE PROMISED TO
PROVIDE THE EMBASSY WITH SOME BACKGROUND INFORMATION ON
THESE ISSUES, REMARKING AT THE SAME TIME THAT HE HIMSELF
IS HAVING CONSIDERABLE DIFFICULTY IN GETTING THE MINISTRY
OF ECONOMIC AFFAIRS TO FOCUS AND PRODUCE UPDATED DATA ON
PHARMACEUTICAL PRICES. CHAMBERS

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